

HOUSE BILL NO. 111

INTRODUCED BY W. STAHL

BY REQUEST OF THE DEPARTMENT OF REVENUE

A BILL FOR AN ACT ENTITLED: "AN ACT IMPROVING STATE TAX ADMINISTRATION BY PROVIDING THAT 30% OF THE LODGING FACILITY USE TAX ATTRIBUTABLE TO EXPENDITURES BY STATE AGENCIES FOR IN-STATE LODGING BE DEPOSITED IN THE STATE GENERAL FUND; ELIMINATING THE REIMBURSEMENT OF LODGING FACILITY USE TAXES PAID FROM OTHER STATE FUNDS TO THE STATE GENERAL FUND; AMENDING SECTIONS 15-65-121 AND 15-65-131, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-65-121, MCA, is amended to read:

"15-65-121. Distribution of tax proceeds. (1) The proceeds of the tax imposed by 15-65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the state special revenue fund to the credit of the department. The department may spend from that account in accordance with an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of 17-2-124 and as provided in subsections (1)(a) through (1)(e) of this section, the department shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of that amount from the tax proceeds received each reporting period. The department shall deposit 30% of the amount deducted ~~must be deposited in the fund or funds from which in-state lodging expenditures were paid by state agencies~~ in the state general fund AND DISTRIBUTE THE PORTION OF THE AMOUNT DEDUCTED THAT WAS PAID WITH FEDERAL FUNDS TO THE DEPARTMENT OF ADMINISTRATION FOR RETURN TO THE FEDERAL GOVERNMENT AS PROVIDED IN 17-3-106(2). The amount of \$400,000 each year must be deposited in the Montana heritage preservation and development account provided for in 22-3-1004. The balance of the tax proceeds received each reporting period and not deducted pursuant to the expenditure appropriation, ~~deposited in the fund or funds from which in-state lodging expenditures were paid by state agencies~~ state general fund, DISTRIBUTED TO THE DEPARTMENT OF ADMINISTRATION, or deposited in the heritage preservation and development account is statutorily appropriated, as provided in 17-7-502, and

1 must be transferred to an account in the state special revenue fund to the credit of the department of commerce
2 for tourism promotion and promotion of the state as a location for the production of motion pictures and television
3 commercials, to the Montana historical society, to the university system, and to the department of fish, wildlife,
4 and parks, as follows:

5 (a) 1% to the Montana historical society to be used for the installation or maintenance of roadside
6 historical signs and historic sites;

7 (b) 2.5% to the university system for the establishment and maintenance of a Montana travel research
8 program;

9 (c) 6.5% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks that
10 have both resident and nonresident use;

11 (d) 67.5% to be used directly by the department of commerce; and

12 (e) (i) except as provided in subsection (1)(e)(ii), 22.5% to be distributed by the department to regional
13 nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total proceeds
14 collected statewide; and

15 (ii) if 22.5% of the proceeds collected annually within the limits of a city, consolidated city-county, resort
16 area, or resort area district exceeds \$35,000, 50% of the amount available for distribution to the regional nonprofit
17 tourism corporation in the region where the city, consolidated city-county, resort area, or resort area district is
18 located, to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-county,
19 resort area, or resort area district.

20 (2) If a city, consolidated city-county, resort area, or resort area district qualifies under this section for
21 funds but fails to either recognize a nonprofit convention and visitors bureau or submit and gain approval for an
22 annual marketing plan as required in 15-65-122, then those funds must be allocated to the regional nonprofit
23 tourism corporation in the region in which the city, consolidated city-county, resort area, or resort area district is
24 located.

25 (3) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual marketing
26 plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit tourism corporation
27 may be used by the department of commerce for tourism promotion and promotion of the state as a location for
28 the production of motion pictures and television commercials."

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30 **Section 2.** Section 15-65-131, MCA, is amended to read:

1 **"15-65-131. State agencies to account for in-state lodging expenditures.** Each state agency shall
2 account for in-state lodging expenditures in a manner that will enable the department to determine total
3 expenditures for in-state lodging by state agencies in order to make ~~an allocation~~ a deposit of a portion of the tax
4 proceeds imposed by 15-65-111 ~~to the appropriate fund or funds in the state general fund~~ AND DISTRIBUTE THE
5 PORTION OF TAXES PAID WITH FEDERAL FUNDS TO THE FEDERAL GOVERNMENT as provided in 15-65-121. ~~Unless~~
6 ~~prohibited under terms of original receipt of the funds used to pay the lodging facility use tax, each fund shall~~
7 ~~reimburse the state general fund for the deposit made pursuant to 15-65-121."~~

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9 NEW SECTION. Section 3. Effective date. [This act] is effective July 1, 2011.

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11 NEW SECTION. Section 4. Applicability. [Sections 1 and 2] apply to expenditures by state agencies
12 for in-state lodging that are paid after June 30, 2011.

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